

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

OIC-04 DRC-01 /174 W

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R 040946Z MAR 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 3059

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

USMISSION NATO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY TOKYO

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STATE ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG

SUBJECT: ENERGY: DUTCH VIEW ON TERMS OF REFERENCE FOR ECONOMIC
AND MONETARY MEASURES IN COORDINATING GROUP

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REF: STATE 040333

1. DUTCH TREASURER GENERAL OORT REVIEWED WITH E/C COUNSELOR HIS COMMENTS ON TERMS OF REFERENCE (TR) FOR ITEM VI ECONOMIC AND MONETARY MEASURES AS STATED IN REFTEL. AS OORT'S COMMENTS MAY NOT BE FULLY REFLECTED IN GON RESPONSE TO CG TO BE FORTHCOMING ON MARCH 4 THEY ARE SUMMARIZED HERE.

2. ON ITEM 3 (REMOVAL OF RESTRAINTS ON CAPITAL MOVEMENTS) OORT FEELS THAT TR AS STATED BEGS QUESTION OF OPTIMUM POLICY. IN HIS VIEW SITUATION COULD ARISE IN WHICH TIGHTENING OF RESTRAINTS MIGHT BE BEST COURSE. HE THEREFORE HOPES THAT WP-3 WILL CONSIDER ALTERNATIVES IN EITHER DIRECTION.

3. ON ITEM 5 AND 11 (ROLE OF OPEC COUNTRIES IN IMF AND OTHER IFIS) OORT FEELS THAT EXECUTIVE BOARDS ARE NOT COMPETENT TO JUDGE. IN HIS VIEW THESE DECISIONS MUST BE MADE AT POLITICAL LEVEL. HE HAS OPEN MIND ON SUBSTANCE OF ISSUE.

4. ON ITEM 7 (EXPANDED USE OF IMF FACILITIES) OORT HOPES THERE IS NO PREDJUDGEMENT THAT DEFLATIONARY IMPACT OF OPEC OIL REVENUES SHOULD AUTOMATICALLY BE COUNTERED BY CREATION OF NEW RESERVE ASSETS. HE CONSIDERS RECYCLING INEVITABLE AND THUS ASSUMES THAT ANY ILLIQUIDITY WILL BE SHORT-LIVED.

5. ON ITEM 17 (CONFIDENTIAL BILATERAL DISCUSSIONS ON PLANNED BORROWING) OORT COMMENTS THAT BILATERAL COORDINATION IS ALREADY NORMAL PRACTICE. HE SEES NEED FOR MULTILATERAL COORDINATION TO SET AGREED GUIDELINES AND PREVENT LEAPFROGGING OF TERMS. HE FORESEES POSSIBILITY OF CONCERNED BORROWING BY GROUPS OF COUNTRIES IN BOP DIFFICULTIES. HE ALSO ANTICIPATED THAT OPEC LEADERS WILL ASK FOR SOME FORM OF INDEXATION WHICH SHOULD BE GRANTED ONLY IN ACCORDANCE WITH PRE-AGREED GUIDELINES. OORT FEELS THAT BIS COULD BE USEFUL FORUM FOR THIS MULTILATERAL COORDINATION PROVIDED MEANS COULD BE FOUND TO PERMIT FINANCE MINISTRY REPRESENTATIVES TO PARTICIPATE ALONGSIDE CENTRAL BANK GOVERNORS. HE IMPLIED THAT HE WOULD TAKE THIS POSITION IN MARCH 7 EC MONETARY COMMITTEE MEETING (SEE PARA 3 OF EC BRUSSELS 1241).
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